

## Houchins, Karla

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**From:** Diane Felix [DFELIX@ArmstrongTeasdale.com]  
**Sent:** Tuesday, August 11, 2015 11:39 AM  
**To:** Houchins, Karla  
**Cc:** Jonathan F. Dalton; Howard Oppenheimer (HOppenheimer@DelmarGardens.com)  
**Subject:** FW: CON Application #5216 RS: Garden Villas [IWOV-iDocs.FID2574697]  
**Attachments:** #5216 RS Attachment IV-3 Service-Specific Revenues and Expenses (Addendum 08-10-2015).pdf

Karla,

In response to the questions raised in your email of August 5 to Jon Dalton, please see below:

1. Explain how the value of the space that would be converted was determined. Provide documentation to support the current value such as a current appraisal of the building.

There has been no recent appraisal of the building. When Garden Villas applied in 2012 for CON approval to convert existing independent living units to 30 ALF beds, it based the calculation of the cost of the existing land, building, furniture, fixtures and equipment on the only appraisal that has been performed, which was from 1999. That calculation, which the MHFRC accepted, equated to \$113.72 per square foot ( $\$2,291,620 \div 20,151 \text{ sf}$ ).

Garden Villas used the per square footage cost determination from the 2012 CON filing to calculate a cost of \$1,103,766 for the square footage at issue in this application ( $9,706 \text{ sf} \times \$113.72$ ), and added an additional \$347,234, to cover estimated costs of upgrades since 2012 to the portion of the building being converted, and inflation. That resulted in the \$1,451,000 figure used in this CON application for the value of the existing land, building, furniture, fixtures and equipment. We believe that the \$1,451,000 overstates the value of the property being converted, but would rather err on the side of over disclosure.

2. Provide historical utilization for each of the past three years for the existing 30 beds.

Garden Villas was licensed/opened in March 2014, so does not have three years of historical utilization.

Following are the occupancy figures for the existing 22 ALF apartments, from April, 2014, through June, 2015.

	2014									2015					
Month	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
# Units Occupied	8	10	11	10	12	12	13	13	13	15	15	18	20	18	19
Occupancy %	36%	45%	50%	45%	54%	54%	59%	59%	59%	68%	58%	82%	91%	82%	86%

Some of the apartments shown as vacant in the above numbers are not or were not available for residency, because they are/were reserved with a deposit by someone who has not yet moved in. Since

at least May 2015, no more than one ALF apartment has been vacant at any time without being subject to a reservation. Also, please note that this information is provided by apartment, rather than by bed, in that some apartments that are licensed for two beds are occupied by a single individual.

**3. Submit a completed Service-Specific Revenues and Expenses form for the latest three years for the existing 30 beds.**

As noted above, Garden Villas did not open until March, 2014, so the attached revenue and expense form covers only the first full fiscal year, beginning in April, 2014.

If you have any questions, please let us know.

Diane



Armstrong  
Teasdale

Armstrong Teasdale LLP

**Diane E. Felix** | Partner

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**From:** "Houchins, Karla" <[Karla.Houchins@health.mo.gov](mailto:Karla.Houchins@health.mo.gov)>  
**Date:** August 5, 2015 at 7:53:36 PM CDT  
**To:** "Jonathan F. Dalton" <[JDalton@ArmstrongTeasdale.com](mailto:JDalton@ArmstrongTeasdale.com)>  
**Cc:** "Wieberg, Alicia" <[Alicia.Wieberg@health.mo.gov](mailto:Alicia.Wieberg@health.mo.gov)>  
**Subject:** **CON Application #5216 RS: Garden Villas**

Hi, Jon.

We are reviewing the CON application to add ALF beds to Garden Villas. Additional information is needed.

1. Explain how the value of the space that would be converted was determined. Provide documentation to support the current value such as a current appraisal of the building.
2. Provide historical utilization for each of the past three years for the existing 30 beds.
3. Submit a completed Service-Specific Revenues and Expenses form for the latest three years for the existing 30 beds.
4. The population, numbers of beds and bed need calculation will be checked at a later date. If there is a question or discrepancy, you will be notified.

Please acknowledge receipt of this email message when it is received, and provide the information by August 11. If you have questions, let me know.

Thank you.

Karla

**Karla Houchins**

Program Coordinator, Certificate of Need

Department of Health and Senior Services

3418 Knipp Drive, P.O. Box 570

Jefferson City, MO 65102

573-751-6700



## Certificate of Need Program

**SERVICE-SPECIFIC REVENUES AND EXPENSES****Historical Financial Data for Latest Three Years plus Projections Through Three Years Beyond Project Completion**

(Use an individual form for each affected service with a sufficient number of copies of this form to cover entire period, and fill in the years in the appropriate blanks.)

	2015 (1)	Year 20??	20??
<b>Amount of Utilization:*</b>	4,293	0	0
<b>Revenue:</b>			
Average Charge**	\$135	\$0	\$0
Gross Revenue	\$579,555	\$0	\$0
Revenue Deductions	0	0	0
Operating Revenue	579,555	0	0
Other Revenue		0	0
<b>TOTAL REVENUE</b>	<b>\$579,555</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenses:</b>			
Direct Expense			
Salaries	100,000	0	0
Fees	15,000	0	0
Supplies	41,000	0	0
Other	0	0	0
<b>TOTAL DIRECT</b>	<b>\$156,000</b>	<b>\$0</b>	<b>\$0</b>
Indirect Expense			
Depreciation	62,000	0	0
Interest***	0	0	0
Overhead****	259,000	0	0
<b>TOTAL INDIRECT</b>	<b>\$321,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENSE</b>	<b>\$477,000</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (LOSS):</b>	<b>\$102,555</b>	<b>\$0</b>	<b>\$0</b>

\* Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

\*\* Indicate how the average charge/procedure was calculated.

\*\*\* Only on long term debt, not construction.

\*\*\*\* Indicate how overhead was calculated.

**Details for Attachment IV-3**  
**Project 5216 RS**

- (1) First fiscal year, beginning April 2014
- \*\* Average charge is based on actual per bed rate
- \*\*\*\* Overhead includes all administrative, maintenance, support services and all insurance and tax expenses.

**Wieberg, Alicia**

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**From:** Diane Felix <DFELIX@ArmstrongTeasdale.com>  
**Sent:** Wednesday, August 12, 2015 3:04 PM  
**To:** Houchins, Karla; Wieberg, Alicia  
**Cc:** Jolene Lillis  
**Subject:** Delmar Gardens' CON Applications - Projects #5216 and 5217  
**Attachments:** #5216 RS Attachment II-8 (corrected) St. Louis County Tax Bill.pdf; #5217 RS Attachment II-8 (corrected) St. Charles County Tax Bill.pdf

Karla and Alicia,

As we were reviewing materials in both applications to respond to recent questions from your office, we noted that the site ownership documentation attachments (Attachment II-8) for the two applications were inadvertently switched in our two applications. We are submitting relabeled copies of those two applications and asking that you substitute the corrected versions in the respective applications.

Our apologies for the errors and for any inconvenience it may have caused you.

Diane



Armstrong Teasdale LLP

Diane E. Felix | Partner

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COLLECTOR OF REVENUE  
 415 CENTRAL AVE  
 ST LOUIS MO 63105  
 (314) 615-5500

**ST LOUIS COUNTY, MISSOURI**  
**REAL ESTATE TAX BILL**

DUPLICATE TAX YEAR  
 12/31/2014 2014

LOCATOR NUMBER	19Q240075	ADDRESS	13590 SOUTH OUTER 40 RD CHESTERFIELD	PIN	6772
OWNER'S NAME			LEGAL DESCRIPTION	SCHOOL /SUB	108AP
DOUBLE G LAND CO L L C			BLK LOT		
			LOC E OF HAWTHORN OFFICE PARK 4 9 75		

DOUBLE G LAND CO L L C  
 14805 N OUTER 40 RD 300  
 CHESTERFIELD MO 63017

ASSESSED VALUE	TYPE	TAX RATE	SPECIAL ASSESSMENTS
1,229,170	RESIDENTIAL	6.7476	
TAX AMOUNTS			
CURRENT TAX AMOUNT		\$82,939.48	MO law 139.100, 52.290 mandates the assessment of interest of 2% per month or any part thereof, plus a 2% penalty for all taxes unpaid by 12 midnight December 31 of tax year.  In compliance with State statute 139.100 payments by mail require "postmark" by United States Postal Service on or before December 31.
CREDITS		-\$82,939.48	
TOTAL DUE		\$0.00	

DEST CODE	TAX DISTRIBUTION	
	ST. OF MISSOURI	368.75
	COUNTY HEALTH FUND	1,720.84
	CO. PARK MAINT.	614.59
	COUNTY BOND RETIRE	233.54
	ROAD & BRIDGE	1,290.63
	ST L COMM COLL	2,704.17
	SPEC SCH DIST	15,498.61
	MET ZOO MUS DIST	3,437.99
	COUNTY LIBRARY	3,072.93
	SCH-PARKWAY	50,080.08
	MSD EXTENSION	242.15
	SHELTERED WORKSHOP	1,106.25
	COUNTY GENERAL	2,568.95

Pay taxes online at: [WWW.STLOUISCO.COM](http://WWW.STLOUISCO.COM) by authorizing direct debit to your checking/savings account or by credit card. Credit card payments can also be made by calling: 1-877-309-9306. A "convenience fee" may apply.

TEAR HERE AND RETURN LOWER PORTION WITH PAYMENT

LOCATOR NUMBER	SCHOOL/SUB	CITY CODE	DEST CODE	ST LOUIS COUNTY, MISSOURI				DUPLICATE	TAX YEAR
19Q240075	108AP	083		REAL ESTATE TAX BILL				12/31/2014	2014
								PIN	6772
VALUATION	TYPE	x	RATE PER \$100 =	CURRENT TAX +	INTEREST +	PENALTIES +	SPECIAL ASMT =	PAY THIS AMOUNT	
1,229,170	RESIDENTIAL		6.7476	82,939.48	0.00	0.00	0.00	\$0.00	
				-82,939.48	CREDITS				

Make checks payable to: **COLLECTOR OF REVENUE**

PRINT \_\_\_\_\_  
 MAILING \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CHANGE \_\_\_\_\_

DOUBLE G LAND CO L L C  
 14805 N OUTER 40 RD 300  
 CHESTERFIELD MO 63017

DESCRIPTION OF PROPERTY
13590 SOUTH OUTER 40 RD CHESTERFIELD
BLK LOT
LOC E OF HAWTHORN OFFICE PARK 4 9 75

PAID UNDER PROTEST PAID DATE: 12/31/2014

**Attachment II-8**  
**Project 5216 RS**

COLLECTOR OF REVENUE  
41 S. CENTRAL AVE  
ST LOUIS MO 63105  
(314) 615-5500

**ST LOUIS COUNTY, MISSOURI**  
**REAL ESTATE TAX BILL**

DUPLICATE TAX YEAR  
12/31/2014 **2014**

LOCATOR NUMBER	19Q240042	ADDRESS	13500 SOUTH OUTER 40 RD CHESTERFIELD	PIN	1013
OWNER'S NAME DOUBLE G LAND CO L L C		SCHOOL / SUB 108AP			
LEGAL DESCRIPTION BLK LOT					

DOUBLE G LAND CO L L C  
14805 N OUTER 40 RD 300  
CHESTERFIELD MO 63017

ASSESSED VALUE	TYPE	TAX RATE	SPECIAL ASSESSMENTS
921,390	RESIDENTIAL	6.7476	
TAX AMOUNTS			
CURRENT TAX AMOUNT		\$62,171.73	
CREDITS		-\$62,171.73	
TOTAL DUE		\$0.00	

MO law 139.100, 52.290 mandates the assessment of interest of 2% per month or any part thereof, plus a 2% penalty for all taxes unpaid by 12 midnight December 31 of tax year.

In compliance with State statute 139.100 payments by mail require "postmark" by United States Postal Service on or before December 31.

DEST CODE	TAX DISTRIBUTION	
	ST. OF MISSOURI	276.42
	COUNTY HEALTH FUND	1,289.95
	CO. PARK MAINT.	460.70
	COUNTY BOND RETIRE	175.06
	ROAD & BRIDGE	967.46
	ST L COMM COLL	2,027.06
	SPEC SCH DIST	11,617.81
	MET ZOO MUS DIST	2,577.13
	COUNTY LIBRARY	2,303.48
	SCH-PARKWAY	37,540.20
	MSD EXTENSION	181.51
	SHELTERED WORKSHOP	829.25
	COUNTY GENERAL	1,925.70

Pay taxes online at: [WWW.STLOUISCO.COM](http://WWW.STLOUISCO.COM) by authorizing direct debit to your checking/savings account or by credit card. Credit card payments can also be made by calling: 1-877-309-9306. A "convenience fee" may apply.

TEAR HERE AND RETURN LOWER PORTION WITH PAYMENT

LOCATOR NUMBER	SCHOOL/SUB	CITY CODE	DEST CODE	<b>ST LOUIS COUNTY, MISSOURI</b>				DUPLICATE	TAX YEAR	
19Q240042	108AP	083		<b>REAL ESTATE TAX BILL</b>				12/31/2014	<b>2014</b>	
								PIN	1013	
VALUATION	TYPE	x	RATE PER \$100 =	CURRENT TAX +	INTEREST +	PENALTIES +	SPECIAL ASMT =	<b>PAY THIS AMOUNT</b>		
921,390	RESIDENTIAL		6.7476	62,171.73	0.00	0.00	0.00	<b>\$0.00</b>		
				-62,171.73	CREDITS					

Make checks payable to: **COLLECTOR OF REVENUE**

PRINT \_\_\_\_\_  
MAILING \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CHANGE \_\_\_\_\_

DOUBLE G LAND CO L L C  
14805 N OUTER 40 RD 300  
CHESTERFIELD MO 63017

DESCRIPTION OF PROPERTY
13500 SOUTH OUTER 40 RD CHESTERFIELD
BLK LOT

PAID UNDER PROTEST PAID DATE: 12/31/2014

## Houchins, Karla

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**From:** Houchins, Karla  
**Sent:** Tuesday, August 18, 2015 8:47 AM  
**To:** 'Jonathan F. Dalton'  
**Subject:** CON project #5216 RS: Garden Villas  
**Attachments:** #5216 RS - Population.pdf

Jon:

For CON project #5216 RS: Garden Villas, we arrived at a projected 65+ population of 221,823. See the spreadsheet attached. Also, we found a total of 6,029 Beds (4,568 Licensed and 1,461 CON Approved) in the 15 mile radius. The bed list in the application included Bristol Manor of Pacific with 12 RCF beds, Pacific Care Center, LLC with 16 ALF beds, Carrie Elligson Gietner Home with 18 RCF beds, The Riverview with 11 RCF beds, the Sylvan House with 40 RCF beds, Assisted Living at Charless Village with 18 ALF beds, Dunn-Dunn House with 10 RCF beds, and Caregivers Inn with 30 RCF beds. All of these facilities appear to be outside of the radius and should not have been included.

Therefore, we arrived at a bed surplus of 484 beds ( $221,823 \times .025$ ) – 6,029. Please let me know if you have questions. Thank you.

### **Karla Houchins**

Program Coordinator, Certificate of Need  
Department of Health and Senior Services  
3418 Knipp Drive, P.O. Box 570  
Jefferson City, MO 65102  
573-751-6700  
FAX: 573-751-7894  
EMAIL: [karla.houchins@health.mo.gov](mailto:karla.houchins@health.mo.gov)  
<http://health.mo.gov/information/boards/certificateofneed/index.php>

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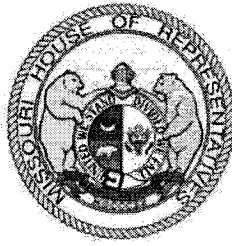


**CAPITOL OFFICE**

State Capitol • Room 310  
201 West Capitol Avenue  
Jefferson City, MO 65101  
Phone: 573-751-9765  
Toll Free: 1-800-853-5669  
E-mail: [sue.allen@house.mo.gov](mailto:sue.allen@house.mo.gov)

**DISTRICT ADDRESS**

P.O. Box 6123  
Town & Country, MO 63006

**COMMITTEES**

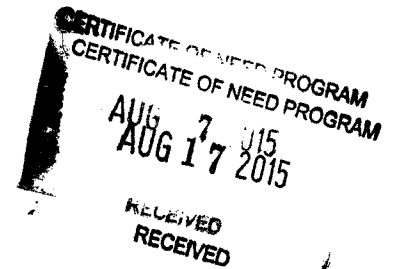
- Regular Standing Committee on Fiscal Review, Chair
- Select Standing Committee on Social Services, Chair
- Regular Standing Committee on Budget
- Regular Standing Committee on Employment Security
- Joint Committee on Legislative Research

**SUE ALLEN**

State Representative  
District 100

August 10, 2015

Ms. Karla Houchins  
Certificate of Need Program  
P.O. Box 570  
Jefferson City, MO 65102



**Re: Garden Villas (Town & Country) Project No. 5216 RS**

Dear Ms. Houchins:

This letter is to express my strong support of the project at Garden Villas to convert 16 of their existing independent living beds to assisted living beds.

This proposed conversion would serve the existing residents of independent living apartments in Garden Villas (a part of the Delmar Gardens campus in Town & Country) who are seeking assisted living services and would like to remain at the same location. The proposed conversion of these independent living units would allow existing residents, who are in need of more services than can be provided in their current setting, the opportunity to remain in a familiar and comfortable environment where they have developed friendships and are close to family and friends in the community.

Accordingly, I fully support this proposal and respectfully ask that the Missouri Health Facilities Review Committee approve Garden Villas' project #5216 RS. Thank you in advance for your consideration and support.

Sincerely,

A handwritten signature in cursive script that reads "Sue Allen".

State Representative, District 100  
201 West Capitol Avenue, Room 310  
Jefferson City, MO 65101  
573-751-9765  
[Sue.allen@house.mo.gov](mailto:Sue.allen@house.mo.gov)